

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2012
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Crystal Alvarez

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$3,399,351

Project Information:
Name: Olive Tree Apartments
Project Address: 671 W A Street
Project City, County, Zip Code: Hayward, Alameda , 94541

Project Sponsor Information:
Name: EHP Olive Tree, LP (Eden CRIL, LLC is made up of Eden Housing Inc. and Community Resources for Living)
Principals: John Ganney, Jesus Armas, Pauline Weaver, Kathleen Hamm and Linda Mandolini for Eden Housing, Inc.; Dorene Giacopini, Steve Kaye and Randy Dana for Community Resources for Independent Living
Property Management Company: Eden Housing Management, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank N.A.
TEFRA Hearing Date: July 24, 2012

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 25, plus 1 manager unit
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens/Special Needs

The Olive Tree Apartments is an existing 26 unit project located in Hayward. Originally constructed in 1987, the structure and site are in need of significant rehabilitation to replace items that have exceeded their useful life. Upon completion of the renovations the property will continue to target and serve households with senior and/or disabled members. There are a variety of property types in the immediate area including single-family housing, multi-family housing, retail, office and commercial buildings. The project consists of 20 one-bedroom units and 6 two-bedroom units. The work at the property will include the following critical repairs: repair private fence decay and improve water proofing, window replacement, paint exterior, replace dry rot throughout exterior, improve lighting and make accessibility corrections throughout the project site. The interior rehabilitation will include the new carpet in 14 units; repair drywall, new flooring, kitchen cabinets and countertops, cooktops, some tubs as needed, refrigerators in 6 units, shower valves and toilets in 4 units.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (25 units) restricted to 50% or less of area median income households.
Unit Mix: 1 & 2 bedrooms

The Project Sponsor has committed to providing instructor-led educational, health and wellness or skill building classes and a bona fide coordinator/social worker for a period of 10 years free of charge to residents.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 6,357,389	
Estimated Hard Costs per Unit:	\$ 82,206	(\$2,055,160 /25 units)
Estimated per Unit Cost:	\$ 254,296	(\$6,357,389 /25 units)
Allocation per Unit:	\$ 135,974	(\$3,399,351 /25 units)
Allocation per Restricted Rental Unit:	\$ 135,974	(\$3,399,351 /25 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 3,399,351	\$ 1,810,912
Developer Equity	\$ 121,151	\$ 375,220
LIH Tax Credit Equity	\$ 273,920	\$ 2,107,288
Seller financing, reserve, etc.	\$ 1,828,970	\$ 2,063,969
Total Sources	\$ 5,623,392	\$ 6,357,389

Uses of Funds:	
Acquisition/Land Purchase	\$ 2,541,917
On & Off Site Costs	\$ 149,827
Hard Construction Costs	\$ 1,905,333
Architect & Engineering Fees	\$ 159,652
Contractor Overhead & Profit	\$ 140,928
Developer Fee	\$ 488,838
Relocation	\$ 187,050
Cost of Issuance	\$ 89,916
Capitalized Interest	\$ 101,406
Other Soft Costs (Marketing, etc.)	\$ 592,522
Total Uses	\$ 6,357,389

Description of Financial Structure and Bond Issuance:

The tax-exempt bond allocation will be privately placed with Citibank, N.A. The construction period funding loan will carry a floating interest rate during construction, based on 2.0% over SIFMA. Currently, SIFMA is approximately 0.15% so the total construction term interest rate is 2.15%. The permanent period loan will have a term of 20 years and an amortization of 35 years. The interest rate will be dependent upon market conditions at the time of closing based on a 15 Year "AAA" municipal bond rate as quoted by Thompson Municipal Market Monitor plus a spread of 2.50%. Currently, the permanent term interest rate will be approximately 4.78%, not including any potential issuer fees.

Analyst Comments:

Not Applicable

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

76 out of 130

[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,399,351 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions	[10]	[10]	10
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	6
Negative Points	-10	-10	0
Total Points	130	100	76

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.